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20 per cent. of the voters, instead of 5 per cent. as in South Dakota, to enforce it. In the form proposed in these two states the referendum and initiative cannot be looked upon as a measure for securing new legislation. It is practically only a popular veto instead of an executive veto on the legislature and councils. At this point, however, it will undoubtedly prove a specific for the most dangerous evil of our representative system, the corruption of aldermen and legislators by large and unscrupulous moneyed interests, as well as the "strikes" upon corporations by "sandbagging" lawmakers. No other legislation of importance can receive candid popular consideration until the influence of corrupt money is obliterated from the electoral machinery; and, if the experience of Switzerland is a guide, the referendum will thoroughly accomplish this result.

J. R. COMMONS.

THE AUSTRIAN POSTAL SAVINGS-BANK.

IN VIEW of the proposals for the establishment of a postal savings-bank, it is interesting to note the recent increase in the extent of the operations of the Austro-Hungarian Postsparkassenamt, which has now been in successful operation since 1883, and its influence in extending the use of credit devices. According to the latest report of the institution, there are now nearly 31,000 check-book holders; and their transfers by check during the year 1896 amounted to 3310 million florins as against 2970 millions in 1895. The average number of checks drawn by each person was 476, of an average value of 103.1 fl., as against 466 checks averaging 100.8 fl. in 1895. This shows an extension of business highly gratifying when the unfamiliarity of the population with the use of credit instruments, and its disinclination to the new form of payment, are considered. This is especially the case when it is recalled that of the depositors (not all of whom are check-book holders) a large proportion are ordinary hand workers and the like.

As is well known, the Austrian Postsparkassenamt performs its own clearings, refusing to join with the banks of the Saldirungsverein. Its clearing house is thus an entirely independent institution. According to the document already cited,¹ no less than 22,918 persons, or 74.3 per cent. of the total number of check-book holders, were in 1896 members of the clearing house; this being an advance of about 10 per cent.

¹ *Dreizehnter Rechenschafts-Bericht des k. k. Postsparkassenamts für das Jahr 1896.*

over the number of members enrolled in 1895. The aggregate clearings are thus considerable in amount.

The experience of the Austrian Postsparkassenamt is the better worth noting on account of the approval the institution is meeting in other continental countries, as has recently been shown by the proposition brought up in the Belgian chambers for the establishment of a similar organization in Belgium.¹ The efficiency of the Postsparkassenamt in relieving banks of the smaller depositors, and in meeting the wants of this class more fully, is noteworthy. An even more important part of its work is the employment of large aggregates of capital which might otherwise be wasted, or at least hoarded in small sums; and the extension of the use of credit instruments in place of cash among classes formerly unaccustomed to them.

H. PARKER WILLIS.

THE REAL COST OF TARIFF.

I.

POPULAR opinion conceives of political economy as the science of tariff regulations. Students entering upon the subject commonly look for an involved campaign of check and countercheck upon the theoretical justification of protective duties. The space devoted to the question in scientific treatises and the importance attached to it in school and college courses, together with the fame acquired by a considerable number of economists mostly or solely by association with this question, all concur in support of the popular impression. Political economy, however, is vastly more than this, and much of it of vastly greater importance. Outside the scope of economic discussion the tariff may be of transcendent importance—and indeed is so—but purely as a question of social wealth and of commercial profit and loss, the question must rank as one more case of much smoke and small fire—a large cry for a little wool.

It is believed that a little examination of statistics will suffice to make this clear. First, however, a few general principles, approaching almost to axioms, require statement. The productive activities of men are directed toward consumption. Wealth is ultimately useful only as it is consumed in the satisfaction of human needs and desires.

¹ See for text *Annales de l'Institut des sciences sociales*, pp. 229 *et seq.*